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GLOBAL ADVERTISING LAWYERS ALLIANCE

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Session: “ Search Engines and Keyword Marketing: Fair(?) Use of  
Third Parties’ Trademarks “

### **The European Perspective**

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#### **1. – Approaching the problem**

Foreign companies, not having branch offices or subsidiaries within the territory of the EU, should never miss to achieve at least a rough idea about the general principles and legal provisions, that will become applicable to (or relevant for) their business activities, when doomed to target European customers.

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Marketing, in general, and search engine marketing, specifically, does not benefit from any exemption from that safety criterion. On the other hand, search engines have found in financial resources deriving from marketing their vital nourishment; subsequently, marketing tools, peculiar to search engines, as pop-up ads, pay for click or pay for placement have rapidly shifted into key positions in top players' income increase, while ad-word/key-word techniques have become more and more aggressive and impudent. According to recent analysts' research for leading search engines the incidence of those particular techniques on global year 2003 turnover should be allocated somewhere between 50–75%! Clearly '*real money*' (in some cases we're talking about figures close to 1 billion USD) is involved, which means that the premises for clashes between conflicting interests are all there, as competition has become tough and the 'top teams' (*Google, Yahoo, MSN*, etc.) have lined up on the playground; subsequently, legal implications of search engine marketing have more and more shifted towards the centre of the stage and lawsuits, meant to challenge (or defend) huge economic interests, keep companies' in-house legal departments and out-side counsels busy.

Recently the situation has significantly heated up and the discussion about the use of key words has become pretty harsh all over the world. More and more judges have been called to look into the issue and to assess whether ad-word techniques may be considered as legal and correct.

As a matter of fact, in my personal view the one aimed at establishing whether key-word marketing is legal or not isn't exactly the proper approach to the issue, as I cannot see convincing reasons for holding that practice as illegal. The real problem consists rather in finding out to what extent the use of third parties' trademarks (or domain names) in adopting such marketing technique may be considered as correct and allowed.

A short enquiry on the legal background of the ongoing debate and a snapshot on some of the problems, which used to affect traditional marketing/advertising in the past, may offers an eloquent and useful demonstration of what foreign electronic marketers should bear in mind when approaching the European market.

## **2. – The Legal Aspects**

Quite obviously, the main perspective for a correct focus on the problem is offered by trademark legislation. Since the '80ies the European Union is aware of the fact that trans-national business strongly requires a harmonized legal framework for trademarks throughout the Union's territory. With the purpose to achieve such result two framework provisions have been issued.

**2.1.** - Council Regulation no. 40/94 dated December 20th, 1993 was intended (see Section 1) to introduce a harmonized ruling of the so-called "Community trademark" – CTM by conferring the owner a right of *exclusive use* (Section 9) and by entitling him to prevent third parties from using – without specific consent – in the course of trade any sign:

- (a) *which is identical with the Community trade mark,*
- (b) *where, because of its identity with or similarity to the CTM, there exists a likelihood of confusion/association on the part of the public,*

- (c) any sign which is identical with or similar to the CTM in relation to goods or services not similar, where the CTM has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the CTM.

On the other hand, according to Section 12, a CTM registration may not be invoked for prohibiting a third party from using in the course of trade:

(a) his own name or address,

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service,

(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided he uses them in accordance with honest practices in industrial or commercial matters.

**2.2.** – Previously the EU's first effort for harmonizing trademark legislation in the member states was performed through Council Directive 89/104/EEC dated December 21<sup>st</sup>, 1988, which already contained similar provisions.

Section 5 established that *“The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:*

*(a) any sign, which is identical with the trade mark in relation to goods or services, which are identical with those for which the trademark is registered,*

*(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.”*

Limitations to the effects of a trademark registration stated in Section 6 of the Directive are identical to those provided by the above-mentioned Section 12 of the Regulation.

**2.3.** – To round off the issue, within the context of the problem some aspects related to the legal framework of comparative advertising deserve also proper consideration.

In the past, in most European countries comparative advertising had never been very popular and frequently was regarded by courts with open suspicion, as a sort of unfair trade practice. Even when domestic legal framework did not contain a specific ban of comparative advertising, companies tended to refrain from using such marketing tool as the risk of a court ruling, finding that a deceptive presentation of a competitor's product occurred, resulted all but low.

**2.4.** - In 1984 the European Union issued Council Directive no. 84/450 in order to harmonize regulations aimed at preventing misleading advertising. After the initial implementation of the Directive in the domestic legal systems of the Union's member states, additional provisions appeared necessary for a uniform ruling specifically focused on comparative advertising.

Therefore, on October 6<sup>th</sup>, 1997, a supplemental Directive (no. 97/55) was adopted for such purpose, integrating the previous Directive and including provisions directed at

comparative advertising, which was defined as *"any advertising, which explicitly or by implication identifies a competitor or goods or services offered by a competitor"*.

Those new provisions permitted comparative advertising as long as the following conditions were met:

- it is not misleading,
- it compares goods or services meeting the same needs or intended for the same purpose,
- it objectively compares one or more material, relevant, verifiable and representative features of those goods or services, which may include price,
- it does not create confusion in the market place between the advertiser and the competitor,
- it does not discredit or denigrate the trademarks, trade names or other distinguishing signs of a competitor,
- for products with designation of origin, it relates to products with the same designation,
- it does not take unfair advantage of the trademark or other distinguishing signs of a competitor,
- it does not present goods or services as imitations or replicas of goods or services bearing a protected trademark or trade name.

While after the Directive's publication it was no more questionable that comparative advertising was now explicitly allowed (even by using a competitor's trademark), it immediately resulted clear that the requirements to compare only *"goods or services meeting the same needs or intended for the same purpose"* and to objectively compare *"one or more material, relevant, verifiable and representative features of those goods or services, which may include price"*, were rather vague and open to divergent interpretations.

**2.5.** - So, commentators, industry and business were claiming for some less 'flexible' and more intelligible reading of those provisions. As implementing domestic provisions and national jurisprudence appeared unlikely to be immune from possible conflicting readings (due both to domestic reasons and habits as well as to differing interpretations rendered by national courts on Community Law's provisions), hopes and expectations for clarifying explanations were primarily pinned on the European Court of Justice – ECJ (competent on deciding whether member states' national implementing rules are complying or not with the EU's Directives and Regulations).

**(i)** As to comparative advertising the ECJ was approached<sup>2</sup> by a German First Instance Court (LG Düsseldorf), which, in the context of a lawsuit filed by *Toshiba Europe GmbH* against competing company *Katun Germany GmbH*, and concerning a Katun advert for spare parts and consumable items to be used for Toshiba's photocopiers.

With respect to the topics considered in the present comments the ECJ stated<sup>3</sup> in its findings that:

- comparative advertising necessarily implies identification, explicit as well as by implication, of a competitor or its goods or services,

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<sup>2</sup> See case no. C-112/99.

<sup>3</sup> Fifth Chamber, judgment dated October 25<sup>th</sup>, 2001.

- it's up to the national Court establishing whether OEM (= Original Equipment Manufacturer) numbers are to be considered as '*distinguishing marks*' or not, taking into "*account the perception of an average individual who is reasonably well informed and reasonably observant and circumspect*",
- an advertiser cannot be considered as taking unfair advantage of the reputation attached to a competitor's distinguishing marks, if effective competition on the relevant market is conditional upon a reference to those marks,
- the national Court is competent on assessing whether the public targeted by an ad would make an association "*of the reputation of the manufacturer's products with the products of the competing supplier*".

**(ii)** In another case<sup>4</sup>, referred by the Oberster Gerichtshof (Supreme Court) of Austria, the ECJ found<sup>5</sup> that:

- an advertiser is basically free to explicitly mention or not the brand name of a competitor's product; the competence on establishing whether, in particular cases (e.g. particularly well-known brand), the omission of the better-known brand names could result in misleading practice, is on the national Court,
- test purchases of a competitor's product before starting a comparative advertising campaign are not prohibited, provided all the conditions for the lawfulness of comparative advertising are complied with (a fact to be verified by the national court),
- price comparison is a basic aspect of comparative advertising and therefore cannot in itself entail denigration of a competitor charging higher prices, while the number of comparisons performed to this purpose falls within the exercise of the advertiser's economic freedom,
- the Directive, requiring that comparison between competing offers have to be performed "objectively", implies that the targeted public must be capable of understanding "*the actual price differences between the products compared and not merely the average difference between the advertiser's prices and those of its competitors*" and also that, the Directive allowing the use of another's trademark, trade name or other distinguishing marks in comparative advertising, such use may legitimately involve also the reproduction of competitor's logo or of a picture showing its shop's front, as long as all the requirements set by Community law for comparative advertising are met.

**(iii)** With respect to trademark legislation the ECJ rendered a decision on the correct reading of the provisions of trademark owner's exclusivity rights (as contained in Directive 89/104/EEC, Section 5).

The case<sup>6</sup> was referred by a German Second Instance Court (OLG Düsseldorf) and originated from a lawsuit between the owner of two TMs - registered in Germany and covering particular cuts with respect to '*diamonds for further processing as jewellery*' as well as to '*precious stones for further processing as jewellery*' – and a dealer of precious stones of all kinds, marketing both stones cut by himself and products acquired from third parties.

<sup>4</sup> Case C-44/01, Pippig Augenoptik GmbH & Co. KG vs. Hartlauer Handelsgesellschaft mbH.

<sup>5</sup> See judgment dated April 8th, 2003.

<sup>6</sup> Case no. C-2/00.

The latter offered for sale some semi-precious and ornamental stones, described by the names of the two registered TMs and – when ordered – delivered without any reference to the those TMs.

In the following lawsuit the OLG Düsseldorf felt that a preliminary opinion from the ECJ was necessary on the question whether a trade mark infringement occurs where – on goods produced by a third party - signs in respect of which TM protection is granted are used exclusively to denote particular characteristics of the goods offered for sale, i.e. for merely descriptive purposes and without any use involving the perception in trade of the TM as a sign indicative of the firm of origin.

The ECJ held<sup>7</sup> that – when such ‘descriptive use’ is performed in relation to products identical with or similar to those for which the trademark was registered – such practice has to be considered as “fair use” and may not be opposed by a trademark owner with respect to the exclusivity rights granted by a registered TM.

(iv) On approach of a French Court<sup>8</sup> the ECJ also had to deal<sup>9</sup> with another case concerning ‘fair use’. This time the question focused on the interpretation of the concept of similarity in relation to the likelihood of confusion.

LTJ Diffusion's, performing business activities as designing, manufacturing, marketing and distributing of clothing and footwear, in particular adults' and children's nightwear, underwear, shoes and slippers, and owning a registered TM for goods in Class 25 of the Nice Agreement<sup>10</sup>, sued *Sadas*, a company operating a mail-order business, distributing a catalogue and marketing, inter alia, children's clothing and accessories, which also holds a registered trade mark, relating also to goods in Class 25 of the Nice Agreement.

LTJ's court action was aimed at invalidating *Sadas*' trademark registration.

According to the ECJ's findings<sup>11</sup>:

- TM protection applies only to cases where, “because of the identity or similarity between the signs and marks and between the goods or services which they designate”, a likelihood of confusion on the part of the public exists,
- the criterion of identity (of the sign and the TM) requires ‘strict interpretation’ and implies that the two elements compared should be the same in all respects,
- there is ‘identity’ between the sign and the trademark where the former reproduces, without any modification or addition, all the elements constituting the latter,
- the perception of identity must be assessed globally with respect to an average consumer, who is deemed to be reasonably well informed, reasonably observant and circumspect, who only rarely has the chance to make a direct comparison between signs and trade marks and who's level of attention is likely to vary according to the category of goods or services in question,
- in this context, being the perception of identity not a result of a direct comparison of all the characteristics of the elements compared, insignificant

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<sup>7</sup> See judgment May 14<sup>th</sup>, 2002.

<sup>8</sup> Tribunal de grande instance de Paris.

<sup>9</sup> Case no. C-291/00.

<sup>10</sup> i.e. for *textile articles*, both ready-to-wear and made-to-measure, including boots, shoes and slippers.

<sup>11</sup> See judgment March 20<sup>th</sup>, 2003.

- differences between the sign and the trademark may go unnoticed by an average consumer,
- subsequently correct reading of the Directive's provisions implies that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.

**2.6. –** Even after those clarifying efforts performed by the ECJ the problem of using third parties' trademarks in marketing results to still to be rather complex. No general solution may be seen rising on the horizon, no universal approach appears to be available, quite a number of legal aspects of the problem are still left to national courts' discretionary, case-by-case, evaluation, a fact that necessarily will imply the persistence of those differing scenarios, which industry and business feel extremely uncomfortable with.

### **3. – Search Engine Marketing and Use of Third Parties' Trademarks in the Courts**

Some practical examples of national Courts' differing approaches to the provisions and principles, meant to supply a common legal framework throughout the Europe Union, offer a useful demonstration of the problems foreign companies could eventually face (and therefore should properly consider), when targeting the European market. In addition, never forget that the EU covers just part of European territory and that courts in non-member states, according to their specific legal tradition, may easily follow an even more stringent path and apply solutions rather different from the ones foreign marketers are used to.

The following cases do not pretend to give an exhaustive overview, but are intended just to offer an example of some differing perspectives courts may consider (and have already considered), when called to deal with search engine marketing.

#### **3.1. - Austria**

Finding out that a search on *Google*, performed with respect to its web site (<http://www.onetwosold.at>), led to results featuring paid advertising links to *eBay* (a direct competitor), Austrian company '*OneTwoSold*' was all but happy and announced – in February 2004 – legal action against such practice.

The CEO of '*OneTwoSold*' reported angry complaints from customers and expressed strong protest against the competitor's purpose of taking undue advantage from "*its company's trade reputation*", a practice which he compared to "*carriage step travelling*". He also informed that the company's lawyers were already looking into the case and that '*OneTwoSold*' was considering a lawsuit for unfair competition practices.

### 3.2. - France

In year 2003 ad-word/keyword technique, used by the local branch office of search engine *Google*, run repeatedly into trouble in France.

**(a)** French companies *Sté Viaticum* and *Sté Luteciel*, owners of the trademarks '*Bourse de Vols*' - '*Bourse de voyage*' (also used as domain names) and performing business as tour operators, sued the search engine for violation of their exclusivity right on the use of their trademarks. The two tour operators had found their trademarks used as ad-words, proposed for the marketing of the websites of low-cost airline '*easy jet*' and of other competing companies as '*evasion on line*' and '*air portail*'.

The approached French Court<sup>12</sup> hold that ad-words/keywords technique could not be used without taking into due account third parties' legitimate rights and that the plaintiffs' claims were grounded as a clear trademark law violation occurred<sup>13</sup>. Therefore the Court awarded 70.000 Euro as damage compensation for illicit use of the plaintiffs' trademarks; it also issued an injunction imposing on the search engine the obligation of adopting adequate changes to its search system within 30 days and fixed a fine of 1.500 Euro for any eventual future act of non-compliance.

**(b)** Some weeks later the same search engine and its French subsidiary were sued by luxury goods producer '*Louis Vuitton SA*', which also claims for damage compensation with respect to the use of its registered trademarks as keywords/ad-words linked to search results.

The lawsuit was filed in August 2003 and is still pending in its initial stadium in front of the Tribunal de Grand Instance of Paris<sup>14</sup>. Considering the brands involved the outcome of this court case will result in an important landmark decision for assessing whether *Google*'s ad-works program may be consider legitimate or not.

While the parties involved in the lawsuit appear rather reluctant about commenting their positions, it's a fact that, when looking for '*Louis Vuitton*' on *Google*'s French search engine, no sponsored ads/links are featured among the search results.

**(c)** Finally, *Google* had to face additional trouble in France as phone payments firm '*Rentabiliweb*' was all but happy and strongly complaint, when it discovered that the search engine had apparently sold it's trademark as a keyword to rival company '*Tel 4 Money*'.

It definitely doesn't take much to preview that, considering the economic interests involved, several other companies may be already lining up for introducing lawsuits against *Google*, especially if the pending cases should turn out with positive findings on trademark infringement performed through ad-word/keyword technique.

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<sup>12</sup> TGI Nanterre, 13 octobre 2003, *Sté Viaticum et Sté Luteciel c/ Sté Google France*, Juriscom.net, 13/10/2003.

<sup>13</sup> Reference is made to section L.7132 a) du Code de la Propriété Intellectuelle.

<sup>14</sup> A first hearing was scheduled for November 3<sup>rd</sup>, 2003.

### 3.3. - Germany

In recent years German Courts have been particularly busy with handling complaints about improper use of registered trademarks. The cases dealt with by the Courts concern trademarks' or domain names' use in relation to ad-words/keywords techniques, pop-up ads, meta-tags and deep linking.

**(a)** On March 12<sup>th</sup>, 2004 the German Division of Hertz obtained a temporary cease injunction from the Court of First Instance in Cologne, which ordered software producer *Claria* (former company Gator) to immediately restrain from displaying pop-up and pop-under ads without permission on the car rental company's website.

The Court found that *Claria's* practice of distributing ad- and spy-ware programs, capable to monitor web-surfers' habits and to hit them with targeted ads was likely to result in unfair competition to Hertz's business.

The Court also established that each eventual non-compliance with the desist order would imply a sanction of 300.000,00 Euro or – alternatively – six month in jail (even if did not result clear how such imprisonment could be enforced against a the representatives of a company located in the US).

**(b)** A few weeks earlier a Court of Appeal (OLG Düsseldorf) was approached<sup>15</sup> by two retailers of so-called 'soft-air weapons' and, held<sup>16</sup> that using third parties' trademarks or companies' distinctive signs as meta-tags was neither conflicting with provisions governing trademark protection nor resulting in acts of unfair competition. The judges revolted a decision of a first instance court and referred to a previous decision, which also had dealt with similar issues.

In that case<sup>17</sup> the plaintiff had objected to the fact that a company had used its registered trademark on a website, both in the domain name and in meta-tags. The Court found that unfair use occurred as to the insertion of the term "*impulse*" in the domain name, while it came to a different conclusion with respect to the use of the same term in meta-tags. In the Court's view meta-tags do not involve illicit use of a registered trademark, as to this purpose only the "visible" parts of the site become relevant.

At the time that decision resulted of particular interest as it followed a new approach for solving the specific problem and strongly dissented from previous findings issued by other German Courts<sup>18</sup>

**(c)** In November 2003 the company '*Metaspinner GmbH*' brought up a legal action<sup>19</sup> before the Court of First Instance (LG) in Hamburg and succeeded in getting a temporary injunction<sup>20</sup> against search engine *Google*.

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<sup>15</sup> Case no. is I 20 U 104/03

<sup>16</sup> See judgment February 17<sup>th</sup>, 2004

<sup>17</sup> Case no. 20 U 21/03 judgment July 15<sup>th</sup>, 2003.

<sup>18</sup> e.g. OLG Munich, decision April 6<sup>th</sup>, 2000, in case 6 U 4123/99 and LG Mannheim, decision August 1<sup>st</sup>, 1997, in case 7 O 291/97).

The Hamburg Court ordered the search engine to halt the use of the keyword “*price pirates*”, when a search was performed for “*Preissserver.de*” (= price server.de) and grounded its decision on alleged violations of copyright and trademark provisions<sup>21</sup>. For future non-compliance the Court established a fine of 250.000 Euro or, as alternative sanction, 6 months of arrest.

The search engine’s defence arguing that US jurisdiction and law should apply to the case did not succeed in convincing the German court. Neither did so the argument that the search engine shouldn’t be held liable for the alleged violations.

It’ll be interesting to see how the Court will deal with – and solve - the problem of illicit use of a registered trademark performed just by making use of a particular software procedure, not perceivable by the web-surfer, and without actually showing the trademark supposed to have been violated.

**(d)** More or less at the same time a First Instance Court in Munich<sup>22</sup> dismissed an identical request for a temporary injunction filed against *Google*<sup>23</sup>, on the grounds that it was not reasonable to expect from the search engine a detailed case-by-case check on possible trademark infringement eventually linked to certain ad-words. Such control appeared to be also ‘*factually impossible*’, being the search engine not in a position to verify an enormous number of data uploaded onto its servers and not aware of eventual licensing agreements concerning the use of trademarks.

It seems that with respect to the specific case the Munich Court considered that:

- *Google* had no – nor could have had – proper notice about the trademark violation assumed by the plaintiff,
- the search engine, once informed about the fact that the plaintiff’s trademark had been used as a ‘trigger’ for a competitor’s sponsored link, had immediately blocked that link,
- therefore no co-liability of the search engine as to the alleged violation of the plaintiff’s exclusivity rights occurred.

As a matter of fact, reaction’s timing appears to have played a fundamental role for the different outcome before the Court in Munich. Actually, there *Google* had taken timely action – by blocking access - to the plaintiff’s objections, while in the case dealt with by the Court in Hamburg the search engine had refused to perform such immediate block, had asked the plaintiff to substantiate its assumptions concerning the claimed trademark violation and had also stated that it would not consider (nor react to) requests submitted via fax or ordinary mail, even if containing court orders(!), a statement apt to drive mad almost every judge in the world.

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<sup>19</sup> Case no. is 312 O 887/03.

<sup>20</sup> Order dated November 14th, 2003.

<sup>21</sup> Summary injunctions are not supported by extensive opinions, which are rendered by the judges in the course of the proceeding on the merits, i.e. in the final decision.

<sup>22</sup> LG München I

<sup>23</sup> decision December 12<sup>th</sup>, 2003, case no. is 33 O 21461/03.

**(e)** Shortly after July 2003, when *Google* started to run its online service 'Google News' in Germany, a First Instance Court in Hamburg was called to solve a complaint<sup>24</sup> filed against the search engine, concerning a particular aspect of 'deep-linking', i.e. 'thumbnail' technique (an automated process allowing to pull together related headlines and photos).

Differently from US regulation German Copyright Law does not contain a general 'fair use' exemption, but provides just a – stringent - list of specific provisions for cases in which holders' rights become subject to limitations<sup>25</sup>.

Under those premises the decision<sup>26</sup> of the Hamburg Court served *Google* with a quite serious blow by establishing the following principles:

- posting copyrighted material on a website (even a foreign one) and offering, by doing so, access for potential downloading implies 'public availability' of that material,
- such 'public availability' through 'thumbnail' procedure constitutes illicit use of the protected originals, even when the 'thumbnails' differ from the originals in size and resolution,
- the German legal system does not contain a general 'fair use' limitation to copyright protection.

As a result of the Hamburg Court's findings *Google* may no more make use of thumbnail images without specific consent from the copyright owner<sup>27</sup>.

**(f)** In April 2002 *Google* – together with other search engines as *AltaVista* and *Yahoo* - run into trouble with the German national railway operator '*Deutsche Bahn*'.

The problem originated from the outcome of a previous lawsuit, filed by '*Deutsche Bahn*' with a district Court in Amsterdam (NL), in order to object against the placement of links leading surfers to online articles published in a magazine called "*Radikal*" and containing information about terrorist techniques for sabotaging – at least partly – the railway system. Before the Dutch Court the German railway operator had succeeded, through an emergency proceeding, in blocking access to the particular articles hosted on the servers of Internet service provider '*XS4ALL Internet BV*' of Diemen, Netherlands. Apparently the Dutch Court grounded its findings on the provisions established by the recent '*Directive on electronic commerce*', i.e. Directive no. 2000/31/EC of the European Parliament and of the Council dated June 8<sup>th</sup>, 2000<sup>28</sup>.

Subsequently '*Deutsche Bahn*', through a desist letter, requested the German subsidiaries of search engines *Google*, *AltaVista* and *Yahoo* to remove all links to the articles and threatened them with the perspective of legal actions before German

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<sup>24</sup> Case no. is 308 O 449/03

<sup>25</sup> e.g. reproduction for strictly private or scientific use.

<sup>26</sup> See decision dated September 5<sup>th</sup>, 2003.

<sup>27</sup> The decision is currently under appeal.

<sup>28</sup> With respect to 'Hosting' Section 14 of Directive n. 2000/31 provides that " Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:

(a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or

(b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information."

courts (where chances of success appeared to be much higher than in the search engines' home country, being the issue in the US widely covered by the 'freedom-of-speech' principle).

While *AltaVista* and *Yahoo* spontaneously agreed to remove the questioned links (*AltaVista* even transferred the respective Internet address to its Banned List), *Google*, took a more ambiguous position, but – even questioning the legal premises of the claim contained in the desist letter – as a matter of fact also removed the links, arguing that the respective web-pages were no longer available for access.

One would think that *Google*, making use of 'caching technique' and therefore storing copies of visited websites on its servers, might have felt uncomfortable with potential (negative) side effects under copyright law.

**(g)** Interesting are the conclusions reached by a First Instance Court in Hamburg<sup>29</sup>, which had to deal with a case involving the use of meta-tags under a peculiar perspective. In the case submitted to that court the complaint concerned the meta-tag use of the domain name of a lawyers' website.

The Hamburg Court chose a different approach and decided to not refer to provisions on trademark protection or on unfair competition. It grounded its findings on Section 12 of the German Civil Code, which prevents the abuse of names and grants protection to names of natural persons as well as to denomination used in the course of businesses.

The Court held that under that specific rule meta-tag use of a third party's domain name (resulting in illicit appropriation of a denomination used in business) was not allowed and therefore issued a desist order, founding also grounds for damage compensation.

**(h)** Finally, to eloquently demonstrate how differing court decisions on similar cases and issues may result, a judgment delivered<sup>30</sup> by a First Instance Court in Munich should be mentioned. That Court dismissed a lawsuit filed by a software company owning the trademarks '*EXPLORER*' and '*EXPLORA*' against a search engine, delivering link lists to web-surfers. In particular the complaint concerned the fact that the search engine had listed a hyperlink to the software '*FTP-EXPLORER*'; according to the plaintiff, by doing so and offering access, the search engine had performed undue appropriation of third parties' content and therefore had to be considered as liable for interfering with legitimate owner's rights.

The defendant questioned those arguments explaining that its services were limited to mere link listing and that no offer for downloading software developed by the plaintiff had been made to web-surfers.

The Munich Court found that:

- liability for infringements of a trademark has to be sought primarily with respect to those who, through their conduct, are responsible of interfering with the owner's exclusivity rights,

<sup>29</sup> LG Hamburg decision June 6<sup>th</sup>, 2001 in case no. 406 O 16/01

<sup>30</sup> LG Munich I, decision September 20<sup>th</sup>, 2000 in case no. 7 HK O 12081/00

- co-liability may concern others involved, who – having the legal possibility of doing so – did not object to trademark infringement performed by the primarily responsible subject,
- for having a standing as co-liable subject it's required that the concerned party had failed to fulfil a specific control obligation, which he was under of,
- failing those premises no co-liability could reasonably be put onto the concerned party,
- according to prevailing jurisprudence undue use of links, hyper-links or meta-tags could theoretically result in a violation of a third party's trademark,
- with respect to mere 'link listing', without any additional active conduct or contribution to trademark infringement, no liability could reasonably be charged onto the search engine (which had to be considered a sort of information point),
- finally, it didn't appear reasonable to expect from a search engine that it had to perform systematic preventive control as to potential trademark infringements, while such obligation had to be considered only in case where violations were obvious or immediately perceivable.

### 3.4. - Italy

(i) In Italy US company '*Playboy Enterprises Inc.*', owner of the respective trademark and holder of a registration for the domain name *playboy.com*, approached the Civil Court in Naples<sup>31</sup> with a complaint, based on alleged trade mark violations, against a person, who had registered the domain *playboy.it* (for an adult-only website), and its provider. In the following the lawsuit was extended also to the Italian Naming Authority, which had given consent to the assignment of that domain name.

The Italian Court held<sup>32</sup> that:

- cases involving (and court decision on) the use of the Internet had increased in recent years, but the coming in force of a sort of "*cyber law*", specifically applying to "Internet issues", was still an event to take place and that, therefore, such questions had currently to be dealt with and solved on the basis of traditional legal provisions and principles,
- a 'domain name', even presenting very similar aspects, cannot be considered as identical to a registered trademark (e.g. being assigned for use, but not owned),
- it had rather to be qualified as a sort of "*atypical distinctive sign*", benefiting from the exclusive use reserved by trademark legislation to entrepreneurs in all forms of their commercial communication (included advertising of their products or services),
- subsequently a violation of that exclusivity use may easily result in counterfeiting, acts likely to induce confusion or unfair competition, which implies that, *inter alia*, trademark legislation will become applicable (while the "*first come, first served*" principle doesn't assume significant relevance in the particular context),
- in the specific case, surfers were likely not to perceive immediately the difference between the two domains/sites (*playboy.com* – *playboy.it*), where even "*initial confusion*" was sufficient for taking illicit advantage from another

<sup>31</sup> Tribunale di Napoli (1<sup>st</sup> Chamber), a First Instance Court; case no. is 2697/1999.

<sup>32</sup> judgment February 26<sup>th</sup>, 2002.

- party's registered trademark, especially considering that on the Internet the moment "*of first contact*" results of crucial relevance,
- furthermore, in a modern reading of trademark's function, the perception/association on the side of the public has also to be properly considered,
  - therefore the defendant was found liable for trademark violation as well as for acts of unfair competition (as to the latter aspect also the provider was found jointly responsible),
  - subsequently the defendant was awarded with an order to restrain from further use of the term "*Playboy*" in the course of its business and to provide for cancelling of the domain registration of "*playboy.it*" (the order was not extended to the use of such term as a meta-tag, as in the courts view the plaintiff had failed to provide proper evidence that such use actually took place),
  - the plaintiff's claim for damage compensation (approx. 250.000 Euro) had also to be dismissed as - again - no conclusive evidence had been submitted on the consistency of the alleged damages.

(ii) In 2003 fashion stylist Giorgio Armani succeeded before the Civil Court of Bergamo<sup>33</sup> in questioning the registration of the domain name "*Armani.it*" in favour of Mr. Luca Armani, an Italian entrepreneur running a print company.

While the Court cleared<sup>34</sup> the defendant from the claim of having performed acts likely to generate confusion on the public, it found that a trademark violation occurred and therefore awarded an order for cancelling the defendant's domain name registration. No damages were awarded, as the plaintiff had failed to substantiate its claim for compensation through proper documental evidence.

Less successful Mr. Giorgio Armani resulted in a previous proceeding filed in year 2001 with the WIPO Arbitration and Mediation Centre: the panel's decision cleared an earlier registration of the domain name "*armani.com*", obtained by Canadian citizen Mr. Anand Ramnath Mani (A.R. Mani), a graphic designer and illustrator, in 1995<sup>35</sup>.

### **3.5. - Netherlands**

(a) In point **3.3.f** reference is already made to a Dutch case occurred and to a Court decision issued in Amsterdam in year 2002.

(b) There is another case<sup>36</sup>, which originated from a summary proceeding filed with the District Court in Rotterdam.

Several Dutch newspapers approached the Court for a temporary injunction against '*EUREKA INTERNETDIENSTEN*', a company active in the sector of Internet services. All the newspapers involved operate websites featuring a 'news section', where selected articles with comments on some of the most recent facts are reported.

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<sup>33</sup> Tribunale di Bergamo, a First Instance Court

<sup>34</sup> judgment March 19<sup>th</sup>, 2003.

<sup>35</sup> See Administrative Panel decision July 20<sup>th</sup>, 2001, in case no. D2001-0537

<sup>36</sup> Case no. is 139609/KG ZA 00-846.

Company 'EUREKA' also operated a website ( [www.kranten.com](http://www.kranten.com) ) containing a page ("*landelijke kranten*" ), specifically dedicated to national newspapers and listing – among others - the articles (and their titles) reported in the "News Section" of the plaintiffs' websites. Visitors of the "*landelijke kranten*", when clicking on the listed titles, by activating a deep link were directly transferred (i.e. without going through the respective home pages) to the content of the articles on the newspapers' websites. In addition, 'EUREKA' offered a newsletter service by sending, via e-mail, to subscribers such list of deep links on a daily basis.

On these premises the newspapers approached a Rotterdam District Court seeking for a cease injunction, meant to stop EUREKA's deep linking practice on the grounds that systematic reproduction and diffusion to the public - through the placement of hyperlinks – of the titles and articles reported on the newspapers' websites resulted in illicit extraction and use of content owned by others and therefore constituted copyright infringement.

'EUREKA' objected that "deep linking" had to be considered as a common practice, widely and constantly used by search engines, and did not imply a copyright violation as:

- the newspapers, by placing titles and articles on their websites, had made that content publicly available and therefore had exposed themselves to the exercise of the right of quotation and reproduction of press reports, already published in other media,
- unlike the reproduction of a specific title (potentially covered by copyright), the mere listing of a collection of titles, not giving any evidence of the 'original character' of the authors' work, could not reasonably pretend to benefit from copyright protection,
- with respect to eventual violation of database rights, the plaintiffs had failed to provide (nor would have been able to do so) proper evidence of the fact that significant investment had been dedicated to assembling, on the pages of the newspapers' websites, a list of titles,
- finally, the newspapers, having failed to make use of existing technical means apt to prevent "deep linking", had given clear evidence of the fact that they not only did not suffer any harmful effect from a conduct performed by 'EUREKA' with tort, but actually benefited from the provider's services, which had increased traffic to the newspapers' websites.

The Court found<sup>37</sup> that on a factual basis:

- by publishing in their websites' news section a selected number of articles the newspapers every day freely choose to release information (deciding on the extend of such diffusion to the public),
- deep links placed by the defendant (which the newspapers decided not to prevent, even having such possibility) did actually transfer visitors from the "*landelijke kranten*" page to the articles reported in the websites' news section, but did in no way obstacle access from there to newspapers' homepages,

The Court then dismissed the claim considering that:

- deep linking from '*kranten.com*' to the news sections on the newspapers' websites did not imply any "substitution or exploitation" of the latter's homepages, nor significant economic "prejudice" to them,

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<sup>37</sup> Judgment August 22<sup>nd</sup>, 2000 (published in *Mediaforum*, 2000, no. 61).

- services performed by *'kranten.com'* appeared to have actually increased traffic to the newspapers' websites, resulting therefore in a positive, promotional effect to those sites,
- eventual decrease of advertising revenues had to be put into relationship not with the questioned deep linking, but rather with newspapers' inappropriate choices as to the pages selected for placing the ads (being the news section obviously of particular appeal to visitors),
- copyright protection implies restriction on reproduction, but *'deep linking'* may not be automatically considered equal to reproduction,
- while grabbing of an entire list/selection/collection of articles' titles theoretically could result in 'reproduction' of copyright protected material, the Dutch legislation<sup>38</sup> allowed such process when performed by another press medium, provided that proper source reference is made, which occurred in the case<sup>39</sup>,
- the titles' list, which *'EUREKA'* used to transfers to (and to display on) the web-page "*landelijke kranten*", could be considered as a database, but according to Dutch legislation the respective protection is granted only if its content is "*systematically or methodically arranged*", a premise which was not found with respect to a titles' list just following a chronological order (in the Court's view, for claiming database protection the list arrangement would have had to involve "*substantial investment in terms of quantity or quality*", i.e. either of financial resources or of employees' time and efforts).

### 3.6. - United Kingdom

(i) In its struggle for keeping its leading position and for remaining well in front of all other big players in the search engine business, *Google* recently (in Spring 2004) launched *'Gmail'*, "*a free, search-based webmail service that includes 1,000 megabytes (1 gigabyte) of storage*"<sup>40</sup>.

While *'Privacy International'*, a civil liberties group, filed a formal complaint with the Information Commissioner explaining its concerns about non-compliance of the new service with the EU provisions on protection of personal data, the search engine is now facing a far more threatening initiative from a small British company.

A week after the launch of *'Gmail'* UK based company *'The Market Age'*, performing research services and financial analysis to investors, assumed that its subsidiary *'ProNet Analytics'* owns "*Gmail*" as a registered trademark and had been using the particular brand since 2002 for an e-mail service in more than 80 countries. Apparently up till now *'Googl'* had not filed an application for trademark registration with respect to its new service promoted under the denomination "*Gmail*".

But there is more<sup>41</sup>; performing a search on *'Google'* one can easily find out that:  
 - "*GMail is an affiliate of InterActive Visions, Inc., a developer of Web Presence and Web Sites for manufacturers of technical products Worldwide; the company is located in Santa Barbara, California*"<sup>42</sup>

<sup>38</sup> See Section 15 of the Copyright Act 1912.

<sup>39</sup> In addition Section 15a of the Copyright Act 1912 contains exemption from quotation with respect to press surveys.

<sup>40</sup> See the following page on Google's website: <http://www.google.com/gmail/help/about.html>.

<sup>41</sup> See UK online magazine The Register, article "Google's Gmail hits trademark problem", by John Oates, published Wednesday 7th April 2004 09:48 GMT - [http://www.theregister.co.uk/2004/04/07/google\\_trademark/](http://www.theregister.co.uk/2004/04/07/google_trademark/)

- the URL <http://gmail.net/> leads to a website of a company called 'Javeo', which presents itself under the following claim: " *The world's first full-function, web-based on-line office* ".

It'll be truly interesting to see how this curious situation will develop in the next future. Guess whether nice lawsuits are just waiting round the corner?

(ii) In the process of its recent trouble search engine 'Google' will certainly be confronted with the outcome of another recent case on use of meta-tags and trademark infringement, which went to a Court of Appeal in Spring 2004<sup>43</sup>, after a first instance decision had been issued by the Chancery Division<sup>44</sup>.

In that case the Court was called to state on the following conflict: 'Reed Executive plc' and 'Reed Solutions plc' were two companies performing business as employment agencies; both companies operated together a website "[www.reed.co.uk](http://www.reed.co.uk)", the second was also owner of the registered trademark "Reed".

'Reed Business Information Ltd', a subsidiary of the famous publishing house 'Reed Elsevier (UK) Ltd', started to promote and offer online recruiting services. To this purpose it established and operated a website under the domain name "[totaljobs.com](http://totaljobs.com)".

All companies involved had been using the name "Reed" for decades without interfering in each others business, but that situation had changed and a conflict of interests occurred when 'Reed Business Information' and the word "Reed" were included among the meta-tags used in order to drive traffic to the website "[totaljobs.com](http://totaljobs.com)".

'Reed Executive plc' and 'Reed Solutions plc' decided to file a lawsuit against 'Reed Business Information Ltd' and 'Reed Elsevier Ltd' considering that the use of meta-tags driving traffic to the website "[totaljobs.com](http://totaljobs.com)" resulted in trademark infringement and passing off.

The Court of Appeal agreed on the claimants' arguments and found that the defendants' conduct resulted in trademark infringement and passing off. It also held that meta-tags could not pretend exemption from the principle according to which undue use in course of business of third parties' trademarks or of signs "*sufficiently similar*" to existing trademarks results in trademark infringement.

As to the fact that all companies involved had been using, for a very long time, the name "Reed" the Court considered that traders, with similar trademarks and active in different business areas, when deciding to expand their businesses in a way to create potential interference and risk of confusion with the other trader's activities, have to make sure – as a "*positive duty*" – to avoid confusion and damages to others' goodwill.

(iii) A High Court had to deal with meta-tag use and trademark violation already in year 2000, in the context of a summary proceeding between two companies ('Mandata

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<sup>42</sup> See the website at the following URL: <http://www.usegmail.com/>. There is also a disclaimer displayed stating: "**Special Announcement: April 2, 2004: We are the original Gmail. Since 1998. We are not associated with Googles New Gmail**".

<sup>43</sup> March 9<sup>th</sup>, 2004, decision can be found in [www.lawtel.co.uk](http://www.lawtel.co.uk).

<sup>44</sup> Ch D: Pumfrey J: 20 May 2002; decision may be found on <http://www.lawreports.co.uk/#top>.

- *Management and Data Services - Limited* and *Road Tech Computer Systems Limited*), both producing and distributing haulage software.

*Road Tech* discovered that its registered trademarks "*Roadrunner*" and "*Roadtech*" were used by *Mandata* as meta-tags for driving traffic to its website. In addition, *Mandata* had displayed the competitor's trademarks on its site in a form not visible to surfers on their PC screen (as the TMs were presented in the same colour of the background on screen). Nevertheless the *Roadtech* trademarks, while immediately perceivable by search engines, became also evident to web-surfers, once they printed the respective web pages off.

*Roadtech* decided to go to Court and asked for a summary judgment both for trademark violation and passing off<sup>45</sup>.

The Court held<sup>46</sup> that "*a blatant, albeit unsophisticated, and ultimately ...unsuccessful invasion of the claimant's intellectual property rights*" could be found and that therefore the plaintiff's claim had to be considered as grounded. Subsequently it awarded £ 15.000 for damages deriving from illicit use of *Roadtech*'s trademarks, plus £ 28.000 for legal costs. An additional claim for damages compensation from loss of trade was dismissed, lacking evidence for such effect<sup>47</sup>.

#### **4. – Some Cases in non European Jurisdictions**

Also outside Europe the discussion on the use of third parties' trademarks in search engine marketing has heated up and a significant number of lawsuits have been filed and decided (or are still pending) with respect to that marketing practice.

##### **4.1. - Colombia**

In 2002 the Supreme Court of Justice of Colombia was approached on a trademark related issue and established an interesting – even if not directly referring to search engine marketing – principle on law applicable for granting trademark protection.

The holder of famous French trademark '*Louis Vuitton*' challenged in front of the Supreme Court a traditional, local interpretation on "trademark territoriality", shared by the Court of Appeal of Bogotá, according to which foreign trademarks, seeking protection in Colombia, would have to meet all the local legal requirements set to that purpose. Subsequently the Court of Appeal had found that the French luxury goods producer couldn't claim any rights on the name '*Louis Vuitton*' in Colombia, as a local subject had registered it as a trademark, benefiting from the respective protection.

*Louis Vuitton* argued that in a global economic and commercial landscape such traditional reading was no longer acceptable and that foreign trademarks should benefit

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<sup>45</sup> Case no. is HC 1999 04573

<sup>46</sup> High Court Chancery Division, Master Bowman, judgment May 25<sup>th</sup>, 2000.

<sup>47</sup> For detailed information on this case I'm in debt with my friend and GALA colleague Brinsley Dresden from London based law firm Lewis Silkin.

from a more modern criterion, granting protection according to an 'extra-territoriality' perspective.

The Supreme Court ruled<sup>48</sup> in favour of the French claimant and against the Colombian defendant, holder of a 'Louis Vuitton' mark for over 20 years, considering that "The prevailing economic conditions imply a valid extra-territoriality projection based on which the claim must be granted."

## **4.2. - United States**

In recent years case history on meta-tags has been particularly rich of lawsuits in the United States. Most of them are widely known, having received broad press coverage. Just to round off the survey, the following are reported as significant examples.

(i) Getting aware of the legal risks implied by the use of its "Adwords" program (a key-word based paid search service, which offers advertisers the opportunity of sponsoring specific search terms), 'Google' in November 2003 approached the U.S. District Court in San Jose, Calif.<sup>49</sup>, in order to achieve a ruling aimed at establishing whether its search technique had to be considered as legitimate or not.

(ii) A few months later Google's "Adwords" service (and similar practices performed by search engines 'Overture' and 'Kanoodle') was challenged before a Court in New York<sup>50</sup> by the owner of 'PetsWarehouse.com' for trademark infringement, misappropriation and dilution as well as for acts of unfair competition, deceptive trade practices, unjust enrichment.

The defendants requested dismissal on various grounds, but the Court partially disagreed with their arguments and refused dismissal with respect to the claims referring to trademark protection<sup>51</sup>. So the case will proceed.

(iii) More or less at the same time a defendant in the Californian lawsuit (*American Blind and Wallpaper Factory*) decided to proceed against 'Google' and filed an autonomous claim with a New York Court<sup>52</sup>.

The legal action is directed against search engines *Google, America Online Inc., AOL subsidiaries, Netscape Communications Corp., CompuServe Interactive Services Inc., Ask Jeeves Inc. and EarthLink Inc.*

The claimant objects to key word based marketing techniques, *performed by the defendants and resulting in infringement of American Blind's trademarks*. The claimant also seeks damage compensation and a temporary and permanent injunction to halt search engine's practice of selling its trademarks as key words to competitors.

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<sup>48</sup> Judgment dated February 8<sup>th</sup>, 2002.

<sup>49</sup> Northern District of California, C 03-05340.

<sup>50</sup> Eastern District of New York, CV 02-5164

<sup>51</sup> Order March 25<sup>th</sup>, 2004, District Judge Dennis R. Hurley.

<sup>52</sup> District Court for the Southern District of New York.

(iv) Recently the 9<sup>th</sup> U.S. Circuit Court of Appeals was called<sup>53</sup> to deal with a District Court's ruling, which in year 2000 had dismissed - without a trial - a lawsuit, filed by 'Playboy Enterprises International Inc.' against 'Netscape Communications Corporation and Excite Inc.'. Playboy Enterprises objected to having its trademarks "playboy" and "play-mate" used in keyword and banner ad techniques.

The Court of Appeals performed an accurate check on the case's factual premises and, finding that "genuine issues of material fact exist as to PEI's trademark infringement and dilution claims", reversed the district court's grant of summary judgment in favour of defendants and remanded for further proceedings.

The case did not go to a decision on the merits as shortly after the Court of Appeals' decision the parties involved reached an agreement for settling their dispute.

(v) In late December 2003 a District Court<sup>54</sup>, approached by company '1-800-Contacts' in order to stop 'WhenU' (a global desktop advertising network) from delivering pop-up ads of competitors to visitors of its web-site, found that a trademark infringement occurred and issued a preliminary injunction prohibiting the defendant from insisting in its marketing practice.

Interestingly another lawsuit, filed by 'Wells Fargo' had a totally different outcome. Then another Court<sup>55</sup> held that 'WhenU's' that delivering pop-up ads of rival companies to surfers visiting 'Wells Fargo's' website was a legitimate practice and did not result in improper use of third parties' trademarks nor in copyright infringement. The Court found that 'WhenU's' practice had to be considered as "legitimate comparative advertising".

Earlier – in September 2003 – 'WhenU' also had succeeded in having an identical claim dismissed by a Virginia U.S. District Court, which ruled against plaintiff 'U-Haul International'<sup>56</sup>.

(vi) Such opinions were not shared by the Court of Appeals for the 9<sup>th</sup> Circuit, which hold up a lower court's decision and, in case *Horphag Research Ltd. v. Pellegrini*<sup>57</sup>, stated<sup>58</sup> that using a third party's trademark as a meta-tag for driving traffic to a web-site constitutes violation of the TM owner's rights.

The case involved two companies selling nutritional supplements on the web.

The Court did not agree on defendant's 'fair use' argument. Interestingly the Court did not find that the of plaintiff's trademark as a meta-tag automatically implied trademark infringement, but hold that in the specific case the defendant had to be considered liable of 'overuse' of the TM. In the Court's view, the plaintiff's trademark was used too pervasively, i.e. in a way exceeding any measure of reasonable necessity - in the text of the website as well as in the meta-tags placed for linking purposes.

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<sup>53</sup> January 14<sup>th</sup>, 2004, T.G. NELSON, Circuit Judge.

<sup>54</sup> District Court for the Southern District of New York, Judge Deborah Batts

<sup>55</sup> Eastern District Court of Michigan, Judge Nancy G. Edmunds.

<sup>56</sup> Judge Gerald Bruce Lee

<sup>57</sup> CV-00-00372-VAP

<sup>58</sup> May 9<sup>th</sup>, 2003

**(vii)** To close this short overview on the United States – which by no means does pretend to be anything close to exhaustive – a mention should be deserved to what's generally considered as kind of a 'leading case' on the issue.

Ms. Terri Welles, former Playmate of the year (1981), operated a website displaying information and other material (e.g. photos) about her carrier. Even containing that website a specific disclaimer stating that Ms. Welles had no association with '*Playboy Enterprises*', Playboy objected to the use of some its trademarks as meta-tags assuming that such practice implied trademark infringement, dilution, false designation of origin, and unfair competition.

A lawsuit was filed<sup>59</sup> and a preliminary injunction was claimed, but the District Court, agreeing on Ms. Welles' '*fair use*' defence, dismissed the plaintiff's request finding that it had "*failed to demonstrate that it would likely succeed in proving that defendant's use of the trademarks causes a likelihood of confusion for the consumer*". Identical findings the Judge expressed as to alleged dilution of PEI's trademark, stating that "*Ms. Welles (had) used PEI's trademarks to identify herself truthfully as the Playmate of the Year 1981*".

Later on the 9th Circuit Court confirmed the dismissal of the plaintiff's claims (except with respect to the one referring to the use of the TM "PMOY '81"), hold<sup>60</sup> that no improper use occurred as the defendant had not suggested sponsorship or endorsement by Playboy Enterprises and that Ms. Welles used the marks only when no descriptive substitute was available and in a way that could be considered as strictly necessary.

## **5. - Conclusions**

The above-mentioned examples lead to the – rather unsatisfying - conclusion that, even if some useful general principles and criteria on comparative advertising, copyright and trademark use have been achieved, many aspects are still assigned to the competence of national courts for case-by-case evaluation, e.g. the use of distinguishing marks, the targeted consumers' perception on the association of products and on competitors' reputation, the need to quote or not well known brands in the context of comparative advertising campaigns, the verification on the correct fulfilment of the requirements for legitimate comparison.

In addition it appears quite clear that Courts as well as lawyers do struggle a lot, when required to provide solutions for problems, which easily may result unexpected or radically new, and when trying to apply their proven expertise (and traditional legal principles) to new tools and mechanisms, as the Internet and electronic marketing, in general, and search engine marketing, specifically.

Therefore, significant differences and contrasting solutions are (and are likely to be) found in the handling of similar or identical cases by domestic courts.

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<sup>59</sup> United States District Court, Southern District of California, case no. 98-CV-0413-K, Judith N Keep

<sup>60</sup> February 1<sup>st</sup>, 2002.

As to Europe, the harmonizing process, which inspires Community Law, will certainly require a substantial amount of case law – and fore sure, additional interpretation by the ECJ – before a satisfying level of uniformed criteria will result available.